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EXAMINING THE FACTORS ASSOCIATED WITH THE CONSUMERS' BUYING
INTENTION TOWARDS BUSINESS-TO-CONSUMER (B2C) E-COMMERCE PLATFORM

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This thesis is submitted in partial fulfillment of the requirement for the award of Bachelor of
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DECLARATION OF ORIGINAL WORK

“I declared that this report entitled Examining the Factors Associated with the Consumers’ Buying Intention towards Business-To-Consumers (B2C) E-Commerce Platform is the result of my own research except each as cited in the references”

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DEDICATION

First and foremost, I would like to thanks to Allah s.w.t.

I would like to dedicate the appreciation to my precious family members especially my beloved parents, Menhad Bin Sameon and Noor Roslah Binti Ismail who keep supporting me in term of spiritual and financial.

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ABSTRACT

Business-to-consumer (B2C) e-commerce is growing due to rising number of people those who connect with internet and the due to the growth of the internet itself. E-commerce may benefit those businesses and entrepreneur that wish to use this commerce transaction. The purpose of this research is to examine the factors associated with the consumers' buying intention towards B2C e-commerce platform. The results of this research would also be able to show that whether consumer perceived factors influencing consumers' buying intention towards B2C e-commerce platform as supportive role or already become a vital role for daily life. Secondary data was used for literature review which is the proposed research framework was the results after analysing information from literature review contributed from many researchers. In this research, TAM model was adopted and added some modification of the perceived factors used in the research. For the primary data, 379 questionnaire surveys were collected and analyzed using Statistical Package for Social Science (SPSS) version 23. Throughout this research, researcher found that, only perceived usefulness and perceived trust positively affected the consumers' buying intention towards B2C e-commerce platform. This shows that B2C e-commerce website have focus more on these two factors if they want to improve and boost their sales as well as improve consumers buying intention

Keywords – *Business-to-consumer (B2C) e-commerce, consumers' buying intention, Technology acceptance model (TAM), perceived usefulness, perceived trust*

ABSTRAK

Perniagaan-ke-pengguna (B2C) e-dagang berkembang disebabkan peningkatan jumlah orang yang menyambung rangkaian internet dan disebabkan oleh pertumbuhan internet. E-dagang boleh memberi manfaat kepada perniagaan dan usahawan yang ingin menggunakan transaksi perdagangan ini. Tujuan penyelidikan ini adalah untuk mengkaji faktor-faktor yang berkaitan dengan niat membeli pengguna terhadap platform e-dagang B2C. Dalam kajian ini, terdapat lima pemboleh ubah bebas, iaitu kegunaan dirasakan, mudah difahami, harga, risiko yang dirasakan dan kepercayaan yang dirasakan untuk mengukur hubungan ke arah niat membeli pengguna pada platform e-dagang B2C. Data sekunder digunakan untuk semakan sastera yang merupakan kerangka penyelidikan yang dicadangkan adalah hasil setelah menganalisis maklumat dari kajian literatur yang disumbangkan oleh banyak penyelidik. Dalam kajian ini, model TAM telah diterima pakai dan menambah beberapa pengubahsuaian faktor yang dirasakan dalam penyelidikan. Untuk data utama, 379 kaji selidik soal selidik telah dikumpulkan dan dianalisa menggunakan “Statistical Package for Social Science” (SPSS) versi 23. Sepanjang penyelidikan ini, penyelidik mendapati bahawa hanya kegunaan dan kepercayaan yang dianggap positif mempengaruhi niat membeli pengguna terhadap platform e-dagang B2C. Hal ini menunjukkan bahawa laman B2C e-dagang hendaklah fokus kepada dua faktor ini jika mahu memperbaiki dan meningkatkan jualan serta memperbaiki niat pembeli pengguna.

Kata Kunci - *Perniagaan-ke-pengguna (B2C) e-dagang, niat pembelian pengguna, Model Penerimaan Teknologi (TAM), kegunaan yang dilihat, kepercayaan yang dirasakan.*

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CHAPTER 1

INTRODUCTION

1.0 Introduction

Chapter one would further explained the background of the research, described the field of consumers' buying intention and focus on the business-to-consumer (B2C) e-commerce website in Malaysia. Moreover, this chapter also explained the section on the problem statement, research question, research objectives, significance, and scope of study.

1.1 Background of Study

The rapid growth of the Internet has created new possibilities for developers of application within and outside the business. The new technologies of network-centered targeted to end-users and media rich had created a daunting environment for online commerce that allows for massive communication between people across the internet and emergence of the World Wide Web (WWW) (Tan & Hung, 2003). In another major study (Constantinides, 2004) found that the main purpose of offering the web experience is the corporate websites, which the sides delivering excellent web experience designed not only to fulfill the consumer's quality needs and expectations, but also to assist the customer through the purchasing process.

The potential of e-commerce in Southeast Asia (SEA) with a population of more than 600 million people and giants like Google and Temasek predicting that the digital economy could become US\$ 25 billion in the industry, which the potential has been realized when the local and international players in the market has started to emerge in the region (Post, 2017). Malaysia is one the SEA region's fastest growing countries. The forecast that being done stated that Malaysian e-commerce is worth around \$5.7 billion, and logistics company DHL reports that 30% of SEA e-commerce transactions originated from Malaysia itself (Chew, 2017).

E-commerce is primarily a medium for the internet acquisition of goods and services that could be in line of real-time data access, B2C transactions, buying goods and service online and so on (Kumar & Peterson, 2006). The E-commerce itself is an online business activity and uses internet connection to buy and sell things on e-commerce platform. As for now, the e-commerce platform is expanding and many companies starting to recognize it since there are many published research is generated about the benefits (Kumar & Peterson, 2006).

In East Asia, virtual economy has been growing quickly in the few past decades and due to its net and mobile network development, numerous "new" firms have rapidly became leaders of the national market and expanded within markets of international

(China, 2016). As a result, as a locus of entrepreneurship and innovation, academics, politicians and business practitioners had received considerable attention from East Asia. At the same time, East Asia proudly achieve Fortune Global 500's most number of firms among countries in East of Asia .

Malaysia is one of Southeast Asia's the most competitive online nations which is a very lucrative e-commerce market (ASEANUP, 2018). In addition, Malaysia is a middle-income nation with a digital population of over 20 million people, capturing a part of its market for e-commerce through local and global companies. As for now, e-commerce is growing quickly in Southeast Asia which contributes about 2% of all sales in Malaysia but expects a double digits growth in the years ahead. As an e-commerce company in Malaysia is more advanced than in the other ASEAN countries, except for Singapore, Malaysia seems to be one of the region's most competitive markets (ASEANUP, 2018).

This research basically emphasis on B2C e-commerce website that portrays Malaysian's entrepreneurs growing their business on e-commerce platform. Many business owners in Malaysia developed the e-commerce platforms for the consumer in buying through this kind of e-commerce platform. Nowadays, Malaysian e-commerce for example for fashion e-commerce players is moving forward. According to Forbes Report (2017) stated that Malaysia's youngest e-commerce Mogul, Vivy Yusof which running her e-commerce platform Fashion Valet is a major player in Malaysia and she also has her own hijab brand which is dUCk that among most popular scarves on the global market, and made her landed her spot on FORBES 30 Under 30 Asia at her age of 29.

Malaysian business owner or also entrepreneur in Malaysia have their business on B2C e-commerce platform for instance, the modest wear industry is booming which is expected to be worth at \$368 billion in 2021, making Muslimah-savvy entrepreneur like Vivy a visonary and profit-making force to be convinced with in the Asian retail space. Other than that, there are other entrepreneurs that have its own e-commerce platform like Naelofar Hijab, Leeyana Rahman, and many more. Thus, the market in

Malaysia is ready for e-commerce development with widely used of the internet and adoption of smartphone making it one of the top among Southeast Asia, and also the logistics and legal systems well-prepare for regular purchase.

1.2 Problem Statement

E-commerce business in the worldwide have multiplied in past few years and changed the way consumers shop as consumers now depends more on the online discount sales and consumers prefer to purchase things online as it easier for them. Online shopping from the seller's viewpoint is an effort on the seller's side to concentrate and convince the prospect of carrying out the purchase decision-making process and ensuring satisfaction and loyalty, whereas online buying activity on the buyer's side is a point where customers can view, search, shop and transact, and then repeat the acts (Sahney, Ghosh, & Sangeeta Sahney, 2013). Nevertheless, a lot of e-commerce websites and consumers buying from portals contributed to few problems that commonly faced by the consumers.

According to (Sivanesan, 2017) researcher that conduct research at area of Kanyakumari District founded that, many consumers experience the problem regarding that they cannot touch and feel the products, and also the delivery point is not available in their rural area. The researcher also highlighted that quality and right of the information must be ensured for the consumers.

Kearney (2001) mentioned that 82% of consumers that left B2C e-commerce website before completing their buying are because of the difficulties they encounter on weak website design characteristics. A different clearly carried out research by Creative Good showed that, poor interface made about 43% of purchase attempts failed. Research indicates difficulties to find the right items or have trouble completing online transactions or legitimacy of the payment process causing the failure for the customer shopping attempts.

The study conducted by (Hanaysha & Rajeh, 2018) mentioned that study of factors affecting consumer's buying intention in the Malaysian retail market research would provides insights to business owner to make it more convenient for consumers to buy on the B2C e-commerce platform with study the current global trends of B2C e-commerce, the role culture plays in the diffusion process, and also guide their website design, communication and other strategies on the marketing. to more easily turn internet users into online shoppers. Thus, the factors influencing the intention of consumers to buy on B2C e-commerce platform should be examined.

1.3 Research Question

The aim of this study is to determine the factors associated with consumers' buying intention towards B2C e-commerce platform that developed these research questions that answering the problem statement mentioned in previous section.

- 1) What extend does consumer use B2C e-commerce website?
- 2) What are the factors influencing the consumers' buying intention on B2C e-commerce?
- 3) Which factor contributes most to consumers' buying intention on B2C e-commerce?

1.4 Research Objectives

This study will explained these research objectives regarding the study on factors associated with consumers' buying intention B2C e-commerce platform.

- 1) To identify the consumer's prevalence usage on B2C e-commerce website
- 2) To examine factors influencing consumers' buying intention on B2C e-commerce website
- 3) To determine the most influencing factor of consumers' buying intention on B2C e-commerce website

1.5 Significant of Study

There are five factors suggested to evaluate issues that may affect buying intention of consumer on B2C e-commerce. This study provides the helpful information and insights for B2C e-commerce companies and researcher to have a better perceptive. E-commerce business or companies could make use of this research as reference for improvements. This research may contribute to increase understanding on factors that affects the desire of consumers to buy on B2C e-commerce platform. Moreover, this paper research could be use for them to focus on the possible areas which they lack of and improve their performance. Other than that, this research may become one of the useful papers to refer in the future for those business students that have intention to start their business through online platform.

1.6 Scope of Study

This research explores the factors that influence the intention of consumers to buy towards B2C e-commerce platform that cover the location of the research at Ayer Keroh, Melaka. Ayer Keroh is a city where there is high internet usage. In addition there are several universities where many youngsters' users are comprised of students who frequently surf the internet.

1.7 Chapter Summary

This chapter discussed the general idea of this thesis and the logic behind the study's selection. Further to this, data on the subject of the study is presented focus to the identification of problem statement in the literature regarding the factors in influencing consumers' buying intention on B2C e-commerce platform.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

Chapter 2 discussed about the relevant of the literature reviewed. This chapter plays the crucial role in organizing the ideas and constructed theoretical framework. Besides that, this chapter give better understanding for researcher to identify the theory of the research, analysis from the theory, application of the theories in research finding, focus on the area of research, appear with update and latest development in focus area of research and lastly summarize the researcher analysis, key theory and construct the theoretical framework.

2.1 Consumer

Consumers could be described as people or organizations that buy products and services or using goods and services. Consumers are individuals or other economic entities using good or service. Moreover they are the end users in the distribution chain of the goods and services. (MBN, 2019). The consumer itself is the one who will pay to the items and services produced. For example, consumers play a critical function in the economic system. In the absence of their fantastic demand, the producers would lack a key motivation to produce, and promote to the consumers.

Each consumer shows the inclination which is consumer interest towards the particular products and services. However, consumer willing to buy the product and services due to their own taste, want and money. In the book (Kanuk & Schiffman, 2004) stated that, consumers are more powerful than ever. Besides, consumers also have their connection to have more knowledge than ever. The feedback for items that consider to buy and the commenting written for the feedback make it easily for consumers evaluate the review comment section by click a button at the site to make comparison of the features regarding the assorted product models.

Nowadays, the digital marketplace revolution enables goods, services and advertising messages to be more personalized than older marketing tools. The digital technology makes it easier, more effective and more convenient for customers to find out more about products and services, including costs. In context of online environment by (Farisha, Aziz, & Salleh, 2016), many consumers prefer to seek product opinions and recommendations for the product quality inference and uncertainty reduction from other consumers. Therefore, consumer has the right to choose based on particular element before starting to buy.

2.2 Consumer Behavior

Consumer behavior explained as the consumer conduct in the quest for the acquisition, use, assessment and disposal of products and services expected to meet consumer needs. It depends on how people decide to spend energy, financial, and moment on the purchase of related stuff on their available resources. This covers what they buy, why they buy this, when they buy it, where they buy it, how often they buy it, how often they use it, how they judge it after purchasing how it affect future purchases and how they dispose of it (Kanuk & Schiffman, 2004).

Moreover, the term of consumer behavior may be defined into two separate forms of being consumer and the distributor. Usually, buying or give present of the household of goods and services for a friend is referred for personal consumers. It is involving every person, age and context, in the position of both buyer and users that affects the end-use of consumption that perhaps common in all forms of consumer behavior (Kanuk & Schiffman, 2004).

2.3 E-Commerce

Nowadays, e-commerce could easily be built as cheaper than ever before and there are many banks providing electronic banking services that would help support the e-commerce payment mechanism to allow it evolve rapidly. The advancement of technology make e-commerce creation is easy as consists of free application to create one. (Turban, 2008) Identifies e-commerce as the systems whereby goods, services, information are bought, distributed, transmitted or shared through computer networks and internet. In contrast (Kidane & Sharma, 2016) mentioned that, e-commerce uses electronic medium to buy and sell. Experts generally agree that major e-commerce elements which are website, email, intranet, email, extranet, LAN and Wireless Area Network (WAN) are included.

However, (Laudon & Traver, 2002) claims that e-commerce is usually utilize the internet and the cloud for business activity that rely on digitally available business that carried out by/from individuals and also the organization. The digitally powered transaction covers both digital technology-mediated transactions and mostly occurred by the internet and internet transaction. The business transactions include the exchange of interest for example, money for products and services across organizational or individual boundaries. Since 1995 in US, it gave impact in resulting major shift in business around the world like Europe, Asia and Latin America as the e-commerce there evolved from a slow start to a \$60 billion business of retail and \$700 billion of B2C sector.

In fact, e-commerce is powered by the technology of the internet and the IT. The commerce in US and around the globe has changed drastically due to the long list of technologies Internet and the web. Moreover, business and technology is not only part of e-commerce, but involving the equation for understanding of the society. There are variation forms of e-commerce likes business-to-consumer (B2C), business-to-business (B2B), consumer-to-consumer (C2C), and few others are available. The focus type of e-commerce in this research is about business-to-consumer (B2C) which means online businesses are trying to reach customers individually.

2.3.1 B2C E-Commerce

According to (Markus, 2019) B2C is a term used to explain the relationship between an organization and end user. Basically, the term is used to refer to any kind of manner of selling products direct to the consumers and commonly used to portray the transactions between online retailers and their customers. The B2C e-commerce of China has joined a rapidly developing phase after a decade of the creation of the first B2C web site 88.48.com in 1999 (Weng and Lee, 2009). Moreover, see Figure 2.1 that shows the e-commerce growth category in Malaysia portray the future business growth as the online B2C market is seems to grow significantly with the development of B2C system and the use of this model by more local and foreign firms.